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**FISCAL IMPACT STATEMENT**

**LS 6688**

**BILL NUMBER:** SB 270

**NOTE PREPARED:** Dec 30, 2009

**BILL AMENDED:**

**SUBJECT:** Guaranteed Energy Saving Contracts.

**FIRST AUTHOR:** Sen. Head

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**     **GENERAL**  
                              **DEDICATED**  
                              **FEDERAL**

**IMPACT:** Local

**Summary of Legislation:** The bill provides that stipulated savings at the beginning of a guaranteed energy savings (GES) contract cannot be used in determining whether the guaranteed savings are achieved for purposes of calculating guarantee payments by the contractor at the end of the contract. The bill provides that savings in costs for replacing equipment that would have otherwise had to be replaced during the contract may not be considered savings in determining whether the guaranteed savings are achieved.

**Effective Date:** July 1, 2010.

**Explanation of State Expenditures:**

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** *Summary-* If stipulated savings could not be used, the bill may reduce the number of future GES contracts entered into between eligible local units and contractors. [Contracts entered into already under current law would not be affected by this provision.]

**Background-** The following entities are allowed to enter into a GES contract under current law:

- (1) School corporations,
- (2) Libraries, and
- (3) Other political subdivisions.

Stipulated savings may currently be used for conservation measures from the following:

- (1) HVAC,
- (2) Lighting,
- (3) Roofing,
- (4) Windows,
- (5) Water conservation,
- (6) Fuel/Power improvements,
- (7) Wastewater generation, and
- (8) Billable revenue increases.

There are approximately 310 active GES contracts currently.

**Explanation of Local Revenues:**

**State Agencies Affected:** Lieutenant Governor's Office (Office of Energy & Defense Development).

**Local Agencies Affected:** School corporations, libraries, other political subdivisions.

**Information Sources:** Carmen Pippenger, Office of Energy & Defense Development, 232-8951.

**Fiscal Analyst:** Chris Baker, 317-232-9851.